

Promoting price transparency

WHO Guideline on Country Pharmaceutical Pricing Policies

A plain language summary



Main points

- Price transparency allows all relevant stakeholders to know the prices of medicines and how those prices were set.
- Price transparency is essential for designing and implementing effective pricing policies.

Pros

- Price transparency supports good governance and design of effective pricing policies.
- Price transparency supports citizen engagement, reference pricing, public sector negotiations, and monitoring and evaluation of pricing policies and impacts. Local price transparency can also support internal reference pricing.

Cons

- Price transparency requires measures to deal with the existing non-disclosure requirements of confidential commercial agreements.
- Price transparency requires additional investments in data infrastructure.

HIGHLIGHTS

For policymakers responsible for promoting affordable access to health products

WHO GUIDELINE

Conditional*
recommendations
for the policy

- 1 WHO suggests that countries improve the transparency of pricing and prices through the following mechanisms:
 - Sharing the net transaction prices of pharmaceutical products to relevant stakeholders, within and external to the country;
 - Disclosing prices along the supply and distribution chain;
 - Publicly reporting research and development contributions from all sources;
 - Communicating pricing and reimbursement decisions to the public.
- 2 WHO suggests that countries improve the transparency of pricing and prices through a clear description of pricing approaches and their technical requirements.



What is the policy?

Price transparency refers to the sharing, disclosure and spreading of information related to the price of pharmaceutical products. Full price transparency includes the publication of all price types (e.g. ex-factory prices, retail pharmacy prices), and the disclosure of net transaction prices between suppliers (e.g. manufacturers, service providers) and payers/purchasers (governments, consumers).

Transparent pricing policies involve sharing and publishing pricing methodology. This includes a description of the reasons behind reimbursement rates, and their magnitude. It also includes price components where relevant (e.g. production costs, research and development costs, added therapeutic value, profit margin). In addition, transparent pricing policies involve publishing and sharing the details of pricing arrangements such as managed-entry agreements,¹ patent status and licensing arrangements.



Why is the policy implemented?

Price and pricing transparency are essential to accountability and to inform policy design. Non-transparent medicine prices can conflict with good governance, and confidential agreements can compromise accountability.



How is the policy implemented?

Some countries share pricing and price information related to pharmaceutical products through voluntary or mandatory arrangements. Information is most often shared with the public through websites or government gazettes. In other countries, the information is only shared with government authorities without public disclosure. In countries lacking a publicly funded or publicly regulated medicines scheme (i.e. having only a regulated public sector but an unregulated private sector), there is a considerable lack of market transparency.

1. An arrangement between a manufacturer and payer/provider that enables access to a health technology subject to certain conditions.



THINGS TO CONSIDER

Implementation: national level

- Do we have national policies relevant to price transparency for health products?
- How can we improve decision-making and communication across government agencies to facilitate clear reporting?
- What forms of collaboration would improve reporting of information about the actual prices and sales of health products by suppliers?
- Are we using managed-entry agreements in ways that are transparent and help to improve access to medicines?
- What degree of information and price disclosure is required and possible under national legal frameworks, including for existing confidential managed-entry agreements?
- Do we have legislation, regulations or rules to mandate transparent pricing and reporting of prices, where appropriate?

Implementation: international level

- What international data platforms and forums for sharing price and pricing information are available to us?
- What international data standards exist for sharing pricing data? Are additional standards needed?
- What degree of price disclosure is required or possible according to international legal frameworks and confidential commercial agreements?



How commonly is the policy used?

Several countries have implemented measures to promote price transparency. These include the Transparency Directive in the European Union; publication of the purchasing prices of medical supplies in federally funded hospitals in Brazil; the Single Exit Price policy in South Africa; and the price disclosure policy in Australia. Despite these examples, price transparency is lacking for pharmaceutical products. Many governments have signed confidential agreements on rebates and discounts that have obscured market transparency, including the level of price competition.



For more information

See the *WHO Guideline on Country Pharmaceutical Pricing Policies* for more information, including an overview of the evidence about promoting price transparency and nine other pharmaceutical pricing policies.

<https://www.who.int/publications/i/item/9789240011878>

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